

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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September 9, 2003

FROM: DAVID H. SLAUGHTER, Director
Real Estate Services Department

KEN A. MILLER, Director
Department of Public Works

SUBJECT: LEASE AGREEMENT WITH CHEVRON U.S.A., INC.

RECOMMENDATION: Acting as the governing body of the San Bernardino County Flood Control District (District) of the Department of Public Works (DPW), approve a lease agreement with Chevron U.S.A., Inc., a Pennsylvania Corporation (Chevron), for twenty years from September 15, 2003 through September 14, 2023 for use of 1,714 square feet of District property for parking, driveway, and landscaping purposes in the City of Rancho Cucamonga for total revenue in the amount of \$36,812.

BACKGROUND INFORMATION: Chevron is currently under contract with the Sagha Group (Sagha), owners of the property on the southwest corner of Foothill Boulevard and Vineyard Avenue in Rancho Cucamonga (City), to develop the property for use as a gas station, mini-mart and car wash facility. In order to meet the City's requirements for parking, driveway and landscaping, Chevron is in need of approximately 1,714 square feet of District land located contiguous to Sagha's property. Chevron has negotiated a long-term ground lease for the use of Sagha's property and requires the District land on a long-term basis as well. The District requested the Real Estate Services Department (RES D) negotiate an agreement to lease the 1,714 square feet of land to Chevron for twenty years. The rent is based on an appraisal by RES D, which is on file with RES D, and indicates the highest and best use of the premises is for parking, driveway and landscaping purposes because of its location, size, grade, and slope. The lease agreement is summarized as follows:

Lessee:	Chevron U.S.A., Inc., a Pennsylvania Corporation (Thomas O. Watson, Assistant Secretary)
Location:	A portion of District right-of-way at the southwest corner of Foothill Boulevard and Vineyard Boulevard in Zone 1-Cucamonga Channel in the City of Rancho Cucamonga
Size:	1,714 sq. ft.
Term:	Twenty years commencing September 15, 2003

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Options: Two five-year options to extend the term

	<u>Per sq. ft. per year</u>	<u>Annual</u>
Rent:	\$0.80	\$1,370

Annual increases: 3% increase on September 15th of each year

Right to terminate: District may terminate with 90 days notice in the event the property is necessary pursuant to the requirements of the San Bernardino County Flood Control Act of 1939.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Charles S. Scolastico, Deputy County Counsel) on August 19, 2003; DPW Flood Control Right of Way Division (Ken Williams, Right of Way) on August 19, 2003; and the County Administrative Office (Daniel R. Kopp and Tom Forster, Administrative Analysts) on August 27, 2003.

FINANCIAL IMPACT: The District will receive revenue of \$1,370 in the first year of the agreement. Revenue will increase by 3% per year for a twenty-year total of \$36,812. Revenue will be deposited into the Flood Control Operations Division of the DPW (RFL 093).

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with DPW's and RESD's proposal, and recommends this action because the lease of the property will not interfere with the District's use of the property and the District will receive revenue of \$36,812 over the twenty-year term of the agreement.

SUPERVISORIAL DISTRICTS: Second

PRESENTER: David H. Slaughter, Director, 7-7813

JG 7-7820 mf 7-7825